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C O N F I D E N T I A L SECTION 01 OF 03 GUATEMALA 001460

SIPDIS

WHA FOR DAS DAN FISK; WHA/CEN FOR LINDWALL

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TAGS: PGOV MASS MCAP GT

SUBJECT: BREAKFAST WITH BERGER: PROGRESS ON MILITARY DOWNSIZING, STEIN TO VISIT, DEALING WITH HUMAN RIGHTS CRITICISMS, JOINT MAYA JAGUAR WITH BELIZE, OBSTACLE FOR FISCAL REFORM

Classified By: A/DCM Steven S. Olson for reason 1.5 (d)

Summary

¶1. (C) At breakfast with Ambassador June 10, President Berger expressed appreciation for U.S. assistance to date on military downsizing and accepted that we would need a better idea of how the money would be used before asking the Congress to unfreeze the \$2.2 million of MAP funds. Vice President Stein plans to travel to Washington the week of June 28 to help make Guatemala's case. The military is impatient to see signs that "modernization" will accompany downsizing, but the government doesn't have the funds. The Guatemalans have good arguments to counter reports of police violence during squatter evictions (representatives of the Human Rights Ombudsman were present in all cases and did not report violence) and hiring of demobilized military to strengthen the police (only enlisted men need apply). Closed military bases may not all be sold commercially to raise cash, but instead could be sold in parcels with long term financing to resolve longstanding and complex conflicts. Berger was enthusiastic about a joint Guatemala-Belize Maya Jaguar exercise, perhaps trumping lower level reservations. Talks with leaders of recent demonstrations suggest that the fiscal reform process could take longer than hoped. End Summary.

¶2. (SBU) Ambassador hosted breakfast for President Berger, Vice President Stein, Foreign Minister Briz, Chief of Staff Gonzalez, and Appointments Secretary Vila on June 10 at the Residence. ADCM/EconCouns, AID Deputy Director and MILGROUP Commander also attended. Berger had asked to meet to discuss assistance with his ambitious military downsizing plan.

Military Downsizing

¶3. (C) Berger was upbeat and confident that the personnel reduction in the military to 15,500 men and women would be completed by June 30. The process was on schedule, and thorny issues such as financing pensions (the IPM) and severance pay had been settled. However, he sensed uneasiness in the ranks that the promised modernization of the military was lagging. This was feeding rumors that all the talk of modernization was only a facade and that Berger's real intention was to abolish the army. The government had no resources with which to prove the doubters wrong. He asked the status of U.S. efforts to help.

¶4. (C) The Ambassador described the current state of play of the two initiatives currently underway: the continuing support from the Center for Civil Military Relations in Monterrey CA, with the planned visit of MG (r) Dick Goetze to discuss an "opportunity agenda" for modernization; and the work of a SouthCom military assessment team, currently in country. The Ambassador said that State and DoD had agreed to approach the Congress together to review the possibility of releasing the \$2.227 million of frozen MAP funds, but the agencies wanted to be prepared to answer questions concerning how the funds would be used. The SouthCom team currently in country was reviewing that question and assessing the military's most pressing needs. It was also looking at the larger question of the scope and cost of transforming the military into the sort of leaner and more capable force that the President wanted. Berger was clearly pleased. He said that the military didn't need guns or ammunition; it needed the equipment necessary to carry out new roles such as responding to a natural disaster.

Selling Assets to Finance Downsizing? Not Always

¶5. (C) The Ambassador asked whether the sale of military properties could finance the modernization. Berger responded that it could in part, but the issue was still under study. He did not want, a priori, to assume that selling closed bases was always the best option. He planned instead to convolve local government and civil society to seek a consensus over the best use of land and any facilities. In some cases, a commerical cash sale might turn out to be the best option, but he cited the base in Ixcan, Quiche, as a case where providing the land to local campesinos (i.e.,

selling it with appropriate long term financing) could prove the key to resolving the source of complex historical conflicts in that particularly troubled area. He added that giving out land alone wouldn't work; there would have to be agricultural extension services and other follow-up by the government for the land to generate income.

Stein to Washington

16. (C) The Ambassador said that it would be important for the Congress to hear from Guatemala about progress in military downsizing. There was widespread enthusiasm in Washington when people heard about Guatemala's plans, but some skepticism was inevitable until concrete results were in evidence. The Ambassador encouraged Berger to use the coming visits of Codels Blunt and Shelby to explain his plans and describe the impressive results to date. He also encouraged Berger to send his emissaries to Washington. Vice President Stein told Ambassador on the way out that he would plan to take a group to Washington the week of June 28.

What Concerns Washington

17. (C) The Ambassador previewed what he thought Washington's principal concerns would be when Guatemalan visitors presented themselves. The human rights community was concerned by reports of 24 recent cases of evictions of campesinos from land they had occupied; by the reported complicity of the military in the escape from arrest of Mack case defendant Col. Valencia Osorio and continued failure to take him back in custody; and by the prospect of demobilized military joining and taking charge of the National Civilian Police (PNC). Other areas of concern were transparency in the military budget, changing the Constitution and naming a Civilian Minister of Defense, and lack of progress on creating CICIACS.

Eviction Violence: Not True

18. (C) Vice President Stein addressed the reports of evictions of campesinos from land they had invaded. He said the reports of police violence, circulated by campesino activist group CONIC via its website, simply were not true. He said that a representative of the Human Rights Ombudsman's office had been present at each of the eviction sites and -- with one exception -- had filed no reports of violence. He noted that pictures that had circulated showing campesinos standing by burned-down shacks and destroyed crops showed no evidence of a police presence. All eviction operations were undertaken by uniformed police, and there were no pictures showing uniformed people. He could not rule out that armed men appearing in some photos were members of private security forces of landowners where evictions took place, but CONIC was not alleging that private forces were the problem. Stein noted that police did misbehave in one case after finding, and consuming, a stash of beer. Berger said that the government's agreement with organizers of the June 8 nationwide demonstrations called for a 90 moratorium on evictions to ensure that land dispute agency CONTIERRA had adequately researched cases and exhausted mediation possibilities and that court supervision of evictions was adequate.

Ex-Military and the Police

19. (C) Berger said that military troops were a natural source for recruiting rank-and-file police, as they were trained in using weapons and well disciplined. He was categorical in declaring, however, that the government would not transfer former military officers into positions of command in the PNC.

Belize

110. (C) The Ambassador outlined U.S. thinking on a joint Guatemala-Belize Maya Jaguar counternarcotics operation. He noted that traffickers had responded to a successful operation in Guatemala by shifting their flights toward Belize, with the result that the two following operations found nothing. The traffickers could spot the movement of Chinook and Blackhawk helicopters in advance of the operation and simply change their plans. The U.S. was therefore considering basing the helicopters in Belize but being prepared to chase tracks into Guatemala. Berger said he thought it was a great idea and that it wouldn't be a problem.

111. (C) Foreign Minister Briz commented that relations with Belize were getting better (after a bad meeting between Berger and PM Musa in Guadalajara and the recent hot pursuit of a helicopter by Guatemalans some 250 meters into Belizean territory, where it crash landed.) He had sent an emissary to Belize to discuss recovery of the helicopter, and matters seemed to be moving forward. He had also discussed the border issue with his Belizean counterpart at the OAS ministerial in Quito, and they had agreed to meet in Washington on July 16 and 17. He agreed to receive the

Ambassador on June 14 to discuss these matters further.

Fiscal Reform

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¶12. (C) Berger said that progress on fiscal reform was less encouraging than he had hoped. Organizers of the June 8 demonstrations with whom he'd spoken June 9 were insisting on discussing in detail the components of tax policy together with the 2004 and 2005 budgets. Berger commented, "That would take all year" and added that it was time to do quickly what was possible and move on to other things. Berger vented briefly against the Chamber of Industries' (Comment: Jaime Arimany, known for occasional ill-considered outbursts. End Comment). He added that opponents from the left "had a point" when they argued that if "3 percent of the people make 80 percent of the money, it's obvious who has to pay the taxes."

Warm Welcome in Washington

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¶13. (C) Berger described his April-May visit to Washington in glowing terms. He said that President Bush and Secretary Powell treated him "as if we were old friends" and "knew everything about Guatemala." He was evidently impressed by the extent to which the President and Secretary were briefed, and he was particularly struck by the Secretary's warmth and personality. He expressed condolences for the death of President Regan and said a letter was on its way.

Comment

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¶14. (C) Berger was chipper and upbeat. His expectations of what we can do to help him with military downsizing appear to be grounded in reality, and he seems pleased with what we have done to date. He was on top of the issues and had strong and immediate responses to the principal criticisms of his government that are circulating here and abroad, such as evictions (where Vice President Stein is a particularly credible spokesman) and inclusion of former soldiers in the police. The one case where he couldn't deliver was the disappearance of Valencia Osorio. He nevertheless appeared to take on board that it was an issue that should be pursued. His reaction to a possible joint Maya Jaguar with Belize clearly caught Foreign Minister Briz by surprise. Briz was still furious with the Belizeans days earlier because they wouldn't return the Guatemalan helicopter immediately. With luck, Berger made the command decision that can help put the helicopter issue behind us (or at least to the side) and make Maya Jaguar work.

HAMILTON